



State of Utah

Department of Natural Resources

ROBERT L. MORGAN
Executive Director

Division of Oil, Gas & Mining

MARY ANN WRIGHT
Acting Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

December 7, 2004

Barry Peterson
Gold Star Stone
P.O. Box 62
Oakley, Idaho 83346

Subject: Approval of Amended Notice of Intention and Form and Amount of Surety, Large Mining Operations, Gold Star Stone, Lone Pine Quarry, M/003/050, Box Elder County, Utah

Dear Mr. Peterson:

Thank you for your amended Notice of Intention to expand the Lone Pine Quarry by an additional acre, received by the Division on November 9, 2004. A second Reclamation Contract and \$3,400 Certificate of Deposit was received November 8 and 29, respectively, to cover this additional acreage, which is located in the NE1/2 of NE1/4, Section 2, T13N, R17W, Box Elder County, Utah.

The Division finds your amended notice complete and no additional information is required by this office at this time. On December 6, 2004, the Director of the Division of Oil, Gas and Mining formally approved the form and amount of reclamation surety for this additional one acre. We have enclosed copies of the fully signed and executed Reclamation Contract and Certificate of Deposit with cover letter for your files. ***The Division hereby grants its final acceptance of your amended Notice of Intention and the reclamation surety for the Lone Pine Quarry as identified on the map attached to the Reclamation Contract. You may commence with your mining operations as outlined in your amended plan.***

Please be advised that you are bound by the same "Operation and Reclamation Practices", as outlined in the original approved notice.

Barry Peterson
Page 2 of 2
M/003/050
December 7, 2004

Please be advised that the Division's enforcement rules are in place. Any infractions of the Mined Land Reclamation Act, could result in an immediate violation being issued. The violations carry fairly still penalties and fines. We hope to avoid any enforcement actions. Please do not expand beyond the now 10.5 acre area without first amending your notice, adjusting the surety amount and receiving official written approval from this Division.

Thank you for your cooperation. When in the area, a member of the Division staff will examine the site. Best wishes with your continued mining operation.

Sincerely,

A handwritten signature in cursive script, appearing to read "Daron R. Haddock for".

Daron R. Haddock
Permit Supervisor
Minerals Regulatory Program

DRH:LK:jb
Enclosure: RC #2 of 2 & CD w/cover letter
O:\M003-BoxElder\M0030050-LonePine\draft\apv-Amend&surety-12072004.doc

File Number M/003/050
Effective Date Dec 6, 2004
Other Agency File Number _____

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

RECEIVED

RECLAMATION CONTRACT #282
---ooOoo---

NOV 08 2004

DIV. OF OIL, GAS & MINING

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)
(Mineral Mined)

M/003/050
Quartzite

"MINE LOCATION":
(Name of Mine)
(Description)

Lone Pine Quarry
1 mile W, 2 mile N of Junction
of Lyn + Grouse Creek Rd
Lyn Utah Box Elder County

"DISTURBED AREA":
(Disturbed Acres)
(Legal Description)

1
(refer to Attachment "A")

"OPERATOR":
(Company or Name)
(Address)

Gold Star Stone
PO Box 62
DAKOTA ID
83346
208 862 9204

(Phone)

"OPERATOR'S REGISTERED AGENT":

Name)
(Address)

(Phone)

Mona Burton
Holland + Hart
60 E 501 Temple, ste 2000
Salt Lake City Utah 84111
801 595 7800
Barry Peterson Pres.

"OPERATOR'S OFFICER(S)":

SURETY":

(Form of Surety - Attachment B)

COD

"SURETY COMPANY":

(Name, Policy or Acct. No.)

D.L. Evans Bank
#73010755

"SURETY AMOUNT":

(Escalated Dollars)

\$ 3400.00

"ESCALATION YEAR":

2007

"STATE":

"DIVISION":

"BOARD":

State of Utah

Division of Oil, Gas and Mining

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Gold Star Stone the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M 003 050 which has been approved/accepted by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved/accepted Reclamation Plan or Notice, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the approved/accepted Notice of Intention and Reclamation Plan or Notice received NOV 9, 2004. The Notice of Intention and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face

amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Gold Star Stone
Operator Name

By Barry R. Peterson
Authorized Officer (Typed or Printed)

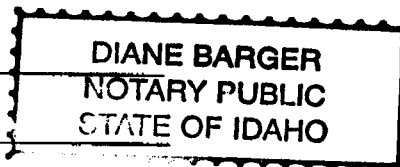
Pres.
Authorized Officer - Position

Barry Peterson 11-5-04
Officer's Signature Date

STATE OF Idaho)
COUNTY OF Cassia) ss:

On the 5th day of November, 2004, Barry Peterson
personally appeared before me, who being by me duly sworn did say that he/she is the
President of Gold Star Stone and
duly acknowledged that said instrument was signed on behalf of said company by
authority of its bylaws or a resolution of its board of directors and said
he duly acknowledged to me that said
company executed the same.

Diane Barger
Notary Public
Residing at Idaho



11-7-06
My Commission Expires:

DIVISION OF OIL, GAS AND MINING:

By Mary Ann Wright
Mary Ann Wright, Acting Director

Date 12/06/04

STATE OF Utah
COUNTY OF Salt Lake } ss:

On the 6th day of December, 2004, Mary Ann Wright personally appeared before me, who being duly sworn did say that she, the said Mary Ann Wright is the Acting Director of the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah, and she duly acknowledged to me that she executed the foregoing document by authority of law on behalf of the State of Utah.



Joelle Burns
Notary Public
Residing at: S.L.C. Utah

April 4, 2005
My Commission Expires:

ATTACHMENT "A"

Gold Star Stone
Operator
M 003 050
Permit Number

Lone Pine Quarry
Mine Name
Box Elder County, Utah

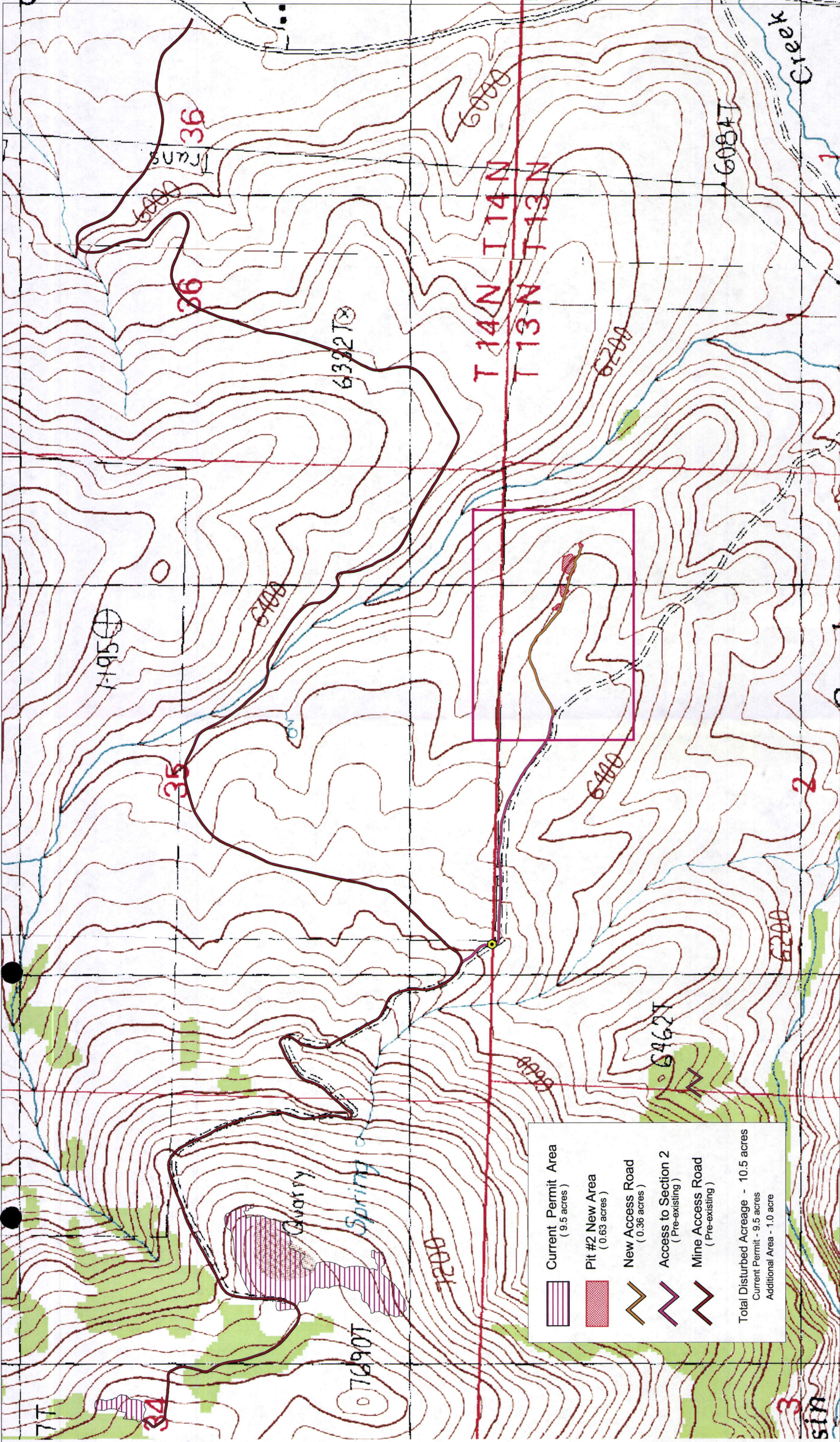
LEGAL DESCRIPTION


Include 1/4, 1/4, 1/4 sections, townships, ranges and any other descriptions that will legally determine where disturbed lands are located. Attach a topographic map of suitable scale (max. 1 inch = 500 feet; 1 inch = 200 feet or larger scale is preferred) showing township, range and sections and a clear outline of the disturbed area boundaries tied to this Reclamation Contract and surety.

The detailed legal description of lands to be disturbed includes portions of the following lands not to exceed 1 acres under the approved / accepted permit and surety, as reflected on the attached map labeled Map C and dated Nov 8.2004 :

Portions of the

NE 1/2 of NE 1/4 Sec 2 T 13 N R 17 W





Dept. of Natural Resources
Division of Oil, Gas & Mining
Mineral Mines Program

Gold Star Stone, Inc. - Lone Pine Quarry
M/003/050
MAP C

Mine Plan Amendment Includes Portions of:
North 1/2 of the Northeast 1/4 of Sec. 2;
Township 13 North, Range 17 West, SLBM
Box Elder County, Utah

November 8, 2004

Drafted by LK

0 200 400 600 800 1000 Feet

N

Cotton Thomas & Buck Hollow Quads

Different data sources and input scales may cause misalignment of data layers. This product may not meet survey standards for accuracy and content.

37

RECEIVED
 NOV 08 2004
 DIV OF OIL GAS & MINES
 SEE PAGE 1
 THIS PLAT IS A REFERENCE ONLY
 AND NO LIABILITY IS ASSUMED
 FOR ACCURACY OR VARIATIONS
 WITH THE ACTUAL SURVEY.

NOV 08 2004

—2

[illegible]



OLENE S. WALKER
Governor
GAYLE F. McKEACHNIE
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining

ROBERT L. MORGAN
Executive Director

LOWELL P. BRAXTON
Division Director

ATTACHMENT "B"

November 9, 2004

DL Evans Bank
P.O. Box 1188
Burley, Idaho 83318
(208) 678-6000

RECEIVED
NOV 29 2004
DIV OF OIL GAS & MINING

Attention: Diane Barger, Loan Officer

Subject: Reclamation Surety, Certificate of Deposit for Gold Star Stone, Inc.'s, Lone Pine Quarry Mine Site, M/003/050, Box Elder County, Utah

Certificate of Deposit no. _____, Principal Amount \$3,400.00.

This letter describes the mutually agreed upon instructions of the below signed parties to DL Evans Bank ("Bank"), regarding the control, redemption, and release of Bank's above-described certificate of deposit ("CD"), which is being used as a surety to guarantee the availability of reclamation funds for the Lone Pine Quarry mine site ("Mine Site"), Box Elder County, Utah. It is the intention of the parties that the CD be utilized as surety to guarantee that \$3,400.00 in reclamation funds will be available to the State of Utah, Division of Oil, Gas & Mining ("Division") upon demand in the event that the operator(s) of the Mine Site are unable or unwilling to complete reclamation of the mine site in compliance with applicable state law and regulations.

Ownership and Renewal:

Ownership of the CD is retained by Gold Star Stone, LLC, an Idaho corporation, ("Owners"), but it is held by Bank for the benefit of the State of Utah, Division of Oil, Gas & Mining and is subject to the terms and conditions described in this agreement. The CD shall automatically renew indefinitely until either redeemed or released by the Director of the Division.

Redemption:

The CD may only be redeemed (i.e., called on demand), pursuant to the written instruction or demand of the Director of the Utah Division of Oil, Gas & Mining to the Bank. Upon the instruction and demand of the Director, the full initial amount of the CD shall be transferred to the State of Utah, Division of Oil Gas

and Mining. Owners agree and irrevocably instruct Bank that neither the Owner(s), nor any other person claiming an ownership interest in the CD which is derived from the Owners, shall have the authority to prevent the Bank from carrying out the Director's instruction to redeem the CD. Upon redemption, any accrued interest in excess of the initial amount of the CD shall be transferred to Owners' control, or if Owners do not instruct the Bank, the accrued interest shall be reinvested in the CD. If a signature card is prepared, it shall be drafted consistent with the requirement that only the Director of the Division may redeem the CD.

Release:

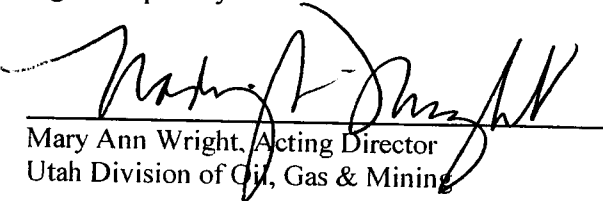
The bank shall release the CD only upon the written instruction of the Director of the Division to the Bank. Upon release, the terms and conditions of this agreement are no longer in effect, and the unconditioned control of the CD shall be returned to the Owners, or their legal successors-in-interest.

Accrued Interest:

Prior to release or redemption, all interest which accrues by the CD shall be 1) dispersed quarterly to the Owner(s) as the Owner(s) may instruct the Bank, or 2) shall be reinvested in the CD until such time the Owner(s) may instruct the Bank where to transfer such interest. In no event shall the Bank transfer any amount from the CD which would cause the redemption amount of the CD to be less than the initial amount, \$3,400.00. All tax liabilities for accrued interest shall remain the responsibility of the Owners.

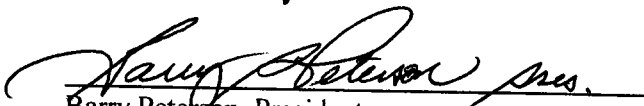
Bank will not be held liable for any dispute between the parties.

Agreed Upon By:


Mary Ann Wright, Acting Director
Utah Division of Oil, Gas & Mining


Date:

11-15-04


Barry Peterson, President
Gold Star Stone, Inc.
Tax ID Number: _____

Date:

11-22-04


Diane Barger, Loan Officer
DL Evans Bank

Date:

11-22-04

O:\M003-BoxElder\M0030050-LonePine\Final\cdcover-ltr(2).doc

m/003/050

D. L. Evans Bank - Certificate of Deposit Receipt

This receipt is issued to:

GOLD STAR STONE, INC.
STATE OF UTAH DIV. OF OIL,
GAS & MINING
160 E COTTONWOOD/P O BOX 62
OAKLEY ID 83346

Account Number: _____

IRA Number: _____

Amount	\$ 3400.00
Date Opened	11/05/2004
Term	12 Months
Maturity Date	11/05/2005
Interest Rate	1.7400 %

The account evidenced by this receipt is subject to and further explained in the terms and conditions contained in the account agreement and account disclosures. The account is Not Negotiable and Not Transferable. Only the items checked apply.

- | | | | |
|---|--|-----------------------------------|---|
| <input checked="" type="checkbox"/> Fixed Interest Rate | <input type="checkbox"/> Variable Interest Rate | | |
| <input type="checkbox"/> Additions Permitted | | | |
| <input checked="" type="checkbox"/> Automatically Renewable | <input type="checkbox"/> Single Maturity (not automatically renewable) | <input type="checkbox"/> Callable | <input type="checkbox"/> Notice Account |

Interest will be:

- ☐ mailed to the owner(s).
☒ added to principal (compounded).
☐ paid to _____ account No. _____
☐ _____

RECEIVED

NOV 29 2004

DIV OF OIL GAS & MINING